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Can luxury handbags make for valuable 'clutch' investments?
By Rob Burgess
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This week, one of the famous Birkin bags will be auctioned in Paris.

And not just any Birkin, either: the original Birkin. The prototype, made for actress Jane Birkin in 1984, will be on the auction block July 10 at the Paris Fashion Icons sale at Sotheby's.

Flying to the French capital for the occasion is Dana Auslander, founder of the alternative luxury assets manager and marketplace LUXUS in New York City. Auslander works to curate, securitize and monetize collectible luxury assets like handbags.

And while only a select few could hope to score such a prized handbag as the original Birkin (expected to fetch a record price at auction), many clients have expressed to their financial advisors they are interested in collecting them as investments, Auslander said.

Only Birkin and Kelly bags in excellent condition qualify as truly investment-grade, she said. Both are made by French fashion house Hermès. Ideally, she said these bags should be new-in-box (NIB) quota bags, which have a purchase limit, as they can typically be resold quickly at substantial premiums — often 40% to 60% above retail.

"While other luxury brands like Chanel may modestly appreciate depending on their condition and provenance, only Hermès consistently commands outsized returns and virtually guarantees a strong resale value," she said.

How to collect
There are three categories that Auslander focuses on at her firm when it comes to handbags: "bread-and-butter" quota, exotic and special edition.

The bread-and-butter quota bags are highly sought after but largely inaccessible to retail buyers, reserved primarily for brand VIPs and celebrities who annually spend around $25,000 on other Hermès products to even qualify for purchasing these bags.

Exotic Birkins and Kellys crafted from rare luxury materials like ostrich or crocodile leather, such as the renowned Himalaya Birkin, are also prized.

One-of-a-kind and special edition bags, including Auslander's personal favorites like the Midas Kelly and Hermès Kelly Doll bags, can also command high prices.

"It's worth noting that bread-and-butter quota bags typically turnover rapidly, two or three times per year, whereas exotic and unique editions tend to have lower turnover, roughly once a year, due to higher prices and their distinctive designs," she said.

Hermès NIB Kelly and Birkin bags are solid investment choices, said Auslander. Hermès qualifies as a Veblen good — a rare category of luxury items, similar to Patek Philippe watches and Ferrari cars, for which demand actually increases as the price rises.

"This scarcity-driven demand means these bags regularly sell at significant premiums in the resale market, defying typical consumer behaviors," Auslander said.

In contrast, brands like Chanel, Louis Vuitton, Cartier and Van Cleef do not exhibit these characteristics, especially given recent price hikes that have negatively impacted the broader luxury market.

"Coupled with external factors like tariffs and disappointing demand from Asia post-pandemic, these market dynamics have created a challenging landscape for brands beyond Hermès," she said.

Auslander recommended that collectors who are interested in handbags should listen to the "Acquired" podcasts on Hermès and LVMH for a comprehensive perspective before investing.

For collectors just starting out, she said her key advice is to diversify, though this can be challenging due to the high cost and difficulty of acquiring handbags. Resale platforms like Christie's, 1st Dibs and MyGemma offer carefully vetted, authenticated handbags maintained in secure, climate-controlled vaults.

"These platforms help ensure that you avoid inadvertently purchasing replicas or fakes," Auslander said. "For individuals unable to allocate the budget or physical space to handbag collecting, stay tuned for upcoming financial products and alternative investment vehicles designed to meet precisely this need."

For some, handbags are liquid assets

Judy Taylor, president and CEO of Madison Avenue Couture in New York City, founded the firm in February 2010 after a career in investment banking and venture capital, holding executive positions in those industries in the 1980s. She then started a strategic consulting company assisting start-ups, which lasted until 2000. During that period, she discovered eBay and started selling off her corporate wardrobe. Surprised at the money she netted, she realized the potential of the online resale market.

Taylor said her clients collect Hermès bags "because they genuinely love them."

"The fact that they're also highly liquid assets is a major bonus," she said. "These

bags can be sold quickly if needed, and that makes them unique among luxury goods. They are, in many ways, functional assets."

Most collectors use many of their bags and may keep a few exceptionally rare pieces untouched for potential appreciation, said Taylor. Bags purchased directly from Hermès boutiques often see immediate market appreciation but limited long-term growth unless they are exceptionally rare.

Appreciation, depreciation and other considerations

Certain limited editions — like the So Black collection from 2010 to 2011 — saw substantial appreciation, though that trend has likely peaked, she said. The Faubourg Birkin collection, which replicates the façade of the Hermès flagship store, has also appreciated significantly.

"However, future appreciation for even these pieces is uncertain," she said. "As with all collectibles, rarity, condition and timing matter."

Retail-to-resale profit margins are real, said Taylor. For example, a Picnic Mini Kelly may retail under $20,000 and sell for $75,000; a Faubourg Birkin might retail around $40,000 and resell for over $250,000.

"Such returns are only possible for clients with long-standing boutique relationships and substantial auxiliary spending," she said. "The bags themselves are often a reward for brand loyalty, not simply a purchase."

Bags bought at retail generally appreciate, especially rare or limited editions, said Taylor. But those bought on the resale market often see more modest or flat returns, she said. Other factors — like production year, condition, leather quality and storage — impact resale value.

"Handbags age," she said. "Leather softens. Handles darken. Hardware scratches. Unlike jewelry, they can't be restored to like-new condition."

While Hermès bags tend to depreciate less than other luxury items and often retain strong resale value, they are not immune to market volatility, said Taylor.

"Most appreciation occurs early, particularly upon a model's release, after which values may plateau," she said. "Hermès bags can be excellent assets — but only if acquired thoughtfully and maintained well."

Collectors should start by educating themselves on the various styles, leathers and hardware options, said Taylor.

"Building a collection through Hermès boutiques can be rewarding but requires significant spending across many product categories," she said.

Often, Taylor said that to gain access to a bag offer, collectors end up buying watches, jewelry or furniture — items that typically don't hold their value.

"If you're not ready for that, reputable resellers offer a more direct path," she said. "With a trusted reseller, you can buy exactly the bag you want, fully authenticated, without the waiting lists or additional purchases. Reputable resellers vet for authenticity, condition, and provenance, making the process far more transparent. Just be cautious: pricing in the resale market can be volatile, and not every bag will appreciate. Work with established experts who specialize in Hermès to ensure what you're buying is genuine and appropriately priced."

A collectible, not a primary investment

Not everyone is convinced that handbags are valuable investments.

Although his wife "would love the idea," J. Christopher Boyd, senior vice president and financial advisor at Wealth Enhancement Group in Hyannis, Massachusetts, said he would be inclined to discourage this as a plan for most investors.

"That's not to say that someone with an in-depth understanding of how these bags are made and can identify the quality of an authentic bag from a knockoff might not be able to identify value," he said.

Just as someone with mechanical skills might be able to recognize value in an "old" car and turn it around as a "classic," Boyd said someone with knowledge may be able to generate profit in their efforts.

"Perhaps someone in that circumstance would be able to find quality offerings through secondhand sellers or estates, but for the most part, my advice would be that designer bags are a better place to store your wallet than they are a store of value," he said. "Invest in investments, enjoy your designer bags as an accessory."

Likewise, while some of his clients appreciate luxury handbags — particularly iconic pieces like Hermès Birkins or Chanel classics — Reggie Fairchild, financial advisor and president of wealth management firm Flip Flops and Pearls in Mount Pleasant, South Carolina, said he advises viewing them as collectibles rather than investments.

"Investments are assets that generate income and appreciate over time," he said. "Collectibles, on the other hand, are subject to market trends and personal preferences."

Returns on collectibles like handbags are less predictable and often lower, said Fairchild. Moreover, owning high-value collectibles entails additional costs, he said. Proper storage, insurance and maintenance are essential to preserve their condition and value.

"These expenses can erode potential profits and add complexity to asset management," he said. "We also caution clients about the volatility of the

collectibles market. Items that are popular today may lose appeal over time. For example, Beanie Babies were once highly sought after, but their market collapsed, leaving many collectors with devalued assets. Similarly, stamp collecting has seen a decline in interest and value in recent decades."

If clients choose to collect handbags, Fairchild said he encourages them to do so for personal enjoyment rather than financial gain.

"While certain rare items, like a Willie Mays rookie baseball card or a unique piece of art from a famous artist, may appreciate significantly due to their scarcity and cultural significance, mass-produced items like standard Rolex watches from 20 years ago may not see the same appreciation," he said. "Their abundance limits scarcity and, consequently, potential upside."

While luxury handbags can be a "delightful addition" to one's personal collection, Fairchild said they should not be relied upon as a primary investment strategy.

"Traditional investments, such as diversified stock index funds, offer more consistent and reliable returns over time," he said. "Markets can, and do, dip, sometimes sharply, in the short run. A thoughtful plan includes strategies for staying grounded when they do. That's where a trusted advisor comes in."